

# MAGELLAN MINERALS LIMITED

(THE "COMPANY")

## POLICY ON STOCK TRADING AND USE OF MATERIAL INFORMATION

### INSIDER TRADING AND TIPPING

Directors, officers and employees of the Company and its subsidiaries must not trade in the Company's securities if material information has not been disclosed and must not disclose the material information to another person ("**tippee**"). Doing so is a breach of securities laws and may result in liability for the person involved and the Company. To protect the Company and its staff, the Company's policy on stock trading and use of material information is set forth below.

The Board has instructed management to annually provide a copy of this policy to each of the Company's directors, officers and employees. This policy is administered and reviewed annually by the Chair who shall make recommendations to the Board for any required changes.

#### *Trading in Securities and Tipping*

- (a) Subject to subparagraph (c) below, you cannot trade in securities of the Company:
  - (i) for 2 trading days prior to and 2 trading days following the date of issuance of a press release announcing the annual or quarterly financial results of the Company or any material change; or
  - (ii) as otherwise expressly restricted pursuant to a written bulletin to all personnel following specific public announcements.
- (b) You must not trade in securities of the Company during any "black out" period announced by the CEO of the Company.
- (c) Notwithstanding paragraph (a) above, if you, as an officer, employee, director or person in a special relationship, have actual knowledge of material undisclosed information relating to the Company, until the information has been disclosed, you must not trade, either directly or indirectly, in securities of the Company. Further, you must not disclose that information and in particular must not disclose information with respect to a take over bid, reorganization, amalgamation, merger, arrangement or similar business combination or material acquisition unless the giving of the information is necessary to effect the transaction. If it is necessary to disclose the information, steps must be taken to inform the receiving party of the confidentiality of the information.
- (d) You must file all required insider reports or other required reports of trades with the Securities Commissions within the time periods mandated by securities legislation.
- (e) "**Trading**" includes the exercise of stock options granted by the Company.

#### *Confidential Information*

- (a) You shall not disclose confidential information about the affairs of the Company to anyone outside the Company, except as required in the performance of regular duties for the

Company.

- (b) Communications with analysts and the media must be handled in accordance with the Communications and Corporate Disclosure Policy..
- (c) Confidential information concerning the Company must be safeguarded. This requires care in handling correspondence, documents, memos, telexes and fax messages, especially when being photocopied or physically transferred from one office to another, and in conducting oral conversations and using cell phones.

*Liability*

Liability arises for trading securities on the basis of information which has not been disclosed to the public or for disclosing information to persons who use it for the purposes of trading or pass it on to others, if the information is material within the meaning of the securities laws. Do not rely on your own judgment as to whether particular information is material as this decision should be referred to the CEO and in his absence, the President. Information which may be material includes financial results, negotiations concerning contracts with outside parties, possible dispositions or acquisitions of significant assets or other corporations or business, decisions concerning dividends, important product developments, financings, important personnel changes, or litigation.

Date Implemented: 25th day of May, 2007.